



**TOKOLOGO LOCAL MUNICIPALITY BUDGET
NARRATIONS
2020/2021**

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1.1 MAYOR'S REPORT

BUDGET SPEECH

BY:

HONOURABLE MAYOR MR BE SEAKGE

Date: 26 June 2020

Hon. Members of the Council

Chairpersons of Council Committees

The Municipal Manager and the Executive Management of the Municipality

Leadership of the ruling party and other parties present today

Leadership of Business and Labour

Ladies and gentlemen

Kea le dumedisa

I am once more standing here today as the servant of the people of Tokologo, who is sent to lead this community and which is a call that I am honouring.

I am once again privileged to motivate and enlighten Council on the final budget for 2020/2021 financial year. All inputs and comments received from the public participation processes and other stakeholder engagements, have been considered.

In his supplementary budget speech a few days ago, after the impact of the Covid-19 pandemic shook the economy and the tax revenue prospects for all and sundry, the Minister of Finance announced that municipalities will have to adjust their budgets to take into account the sharp decline in revenue as a result of the pandemic.

Furthermore, he mentioned that local government in the Republic of South Africa will receive an additional R11 billion, hence the need for the unusual supplementary adjustment budgets at local level.

COVID 19 AND ITS IMPACT

Hon. Members of Council, this is a budget year like no other, as we have had to take into account the enormous and disastrous impact of the COVID-19 virus and the imposed lockdown on the lives of our residents and our local, national and international economy. The impact of this virus will still be felt for many years to come, and this must guide our budget.

The impact of COVID-19 on our budget has indeed been significant and we had to re-prioritize to cater for government's call that we should do everything possible to combat the spread of the Covid-19 pandemic. We reworked our draft budget many times to get to the best possible final budget. When we crafted the draft budget we already considered the potential impact of COVID-19 on our operational budget, but we know now it will continue to impact our capital budget for quite some time.

The interests of our residents are of great importance and in spite of mounting pressure on our revenue, we have taken significant steps to assist our residents during the time of lockdown. This includes the following measures:

- Procuring the necessary equipment (sanitizers, fumigation, protective clothing, masks etc) for our employees and our community.
- Intensifying and reinforcing our programs like refuse removal, clearing of dumping sites, provision of water etc in an endeavour to maximize our involvement in combating the spread of the pandemic.
- Suspension of all credit control measures and procedures i.e. cutting off electricity, up and until 30 June 2020.
- Sourcing the required equipment (masks, sanitizers, food parcels etc) from various stakeholders on behalf of our communities.
- We have installed additional water tanks and toilets in informal settlements to aid and promote hygiene.
- A sanitizing programme of public spaces, roads, taxi ranks and other frequently used public spaces is in place and will continue as needed.

THE BUDGET

The new financial year was anticipated with enthusiasm for the projects we were looking forward to implementing. The outbreak of COVID-19 and the subsequent economic difficulties has unfortunately forced us to drastically re-evaluate our priorities. We as Council are facing a balancing act like never before in caring for and delivering the best possible services to our residents, while mitigating the economic devastation left by COVID-19 and also remain a stable and sustainable Municipality.

This thus had to be a conservative budget, drafted carefully to do more with less and to drive efficiencies, thus allowing us the necessary space to focus on our core functions of service delivery and also supporting our community and our local economy during this difficult unforeseen time.

The effect of the lockdown and the economic impact thereof will seriously impact the amount of revenue, grants and assistance we receive.

Unfortunately, we have very little control with regards to our operating budget. A large percentage of our operating budget is dictated to us by outside forces such as NERSA, Eskom and Employee Costs determined at national government level.

This budget is aligned to the municipality's Integrated Development Plan (IDP). This budget, furthermore, was drafted in line with set guidelines and seeks to reflect, under very trying circumstances, our determination in spite of the COVID-19 crisis, to reduce poverty, create job opportunities, support and expand our economy, build and maintain our infrastructure and maintain and improve our levels of service delivery and to mitigate the impact of COVID-19 as much as possible.

Our resources for this budget cycle are limited and it will continuously necessitate us to work smarter and to carefully manage our spending. We however remain committed to continue our focus of upliftment, redress and opportunity.

CAPITAL BUDGET AND EXPENDITURE BUDGET OVERVIEW

Hon. Councillors, our capital budget for the 2020/2021 financial year amounts to R102 646 500.00. Our operational budget expenditure submitted amounts to R145 832 000.00, with income submitted at R145 861 000.00, leaving a surplus of R29 000.00.

Speaker, we continue to battle a legacy of aging infrastructure throughout our municipality. It is a priority for us to address this challenge so that we can continue to create a sustainable environment that is conducive to economic development. Better infrastructure is also needed to address the inequalities of the past.

As we face some of our most severe economic challenges of the decade, providing strong and sufficient infrastructure will provide our citizens with advantage and opportunity going forward.

That is why in the 2020/20201 our project implementation plan had to be revised to accommodate the following to combat the Covid-19 pandemic alia for:

Tokologo MIG Project 2019 - 2021:

Projects in the new Implementation plan for COVID19 2019-2020:

| <u>No</u> | <u>Project Description</u> | <u>Total Cost</u> |
|------------------|---|--------------------------|
| 1. | Dealesville Ext 4 and Tswaraganang Ext 5: Installation of water network for 400 erven (MIS:329431) – Covid 19 | R 5,051,048.04 |
| 2. | Emergency Provision of 400 Temporary Sanitation Toilets for Informal Settlements in Malebogo & Tshwaraganang – Covid 19 | R 2,415,000.00 |
| 3. | Emergency Cleaning and Servicing of 3000 VIPs in Various Towns - Covid 19 | R 2,127,500.00 |
| 4. | Emergency Provision of 250 Water Connections & 50 Communal Taps in Malebogo & Tshwaraganang Informal Settlements | R 2,280,000.00 |
| 5. | Emergency Refurbishment of Dealesville Pumpstation - Covid 19 | R 2,072,484.00 |
| 6. | Emergency Refurbishment of Boreholes in Hertzogville and Dealesville | R 1,406,660.73 |
| | Emergency Construction of a Sewer Pumpstation and Pipeline in Seretse Boshof | R 3,418,897.45 |
| Total | | R 17,364,929.49 |

Other projects which will be implemented in the 2020/2021 financial year are as follows:

- Dealesville/Tshwaraganang: Construction of 1.5km paved road and stormwater drainage phase 2
- Bulk Water Supply Pipeline from Riverton to Boshof
- Hertzogville/Malebogo Multipurpose Court - Ward 3 (3 in 1)

Furthermore, an amount of R1 110 000.00 has been budget towards the Covid-19 for the 2020/2021 financial year, as it has been clearly indicated by the Minister of Health and other health experts that the Covid-19 will be with us for a very long time.

Grow Local Economy and Upliftment of our Communities

The current economic outlook for Tokologo is not satisfactory and efforts should and are made to improve this situation. The development of the all-inclusive local economic development strategy and plan is critical to achieve this goal.

As such, we intend to ensure that procurement, especially for non-specialized services, benefits local SMME's in every respect. These services I am referring to include, but not limited to the supply of bottled water, catering in all municipal activities requiring such, supply and delivery of stationery, repair and maintenance of municipal vehicles, supply and delivery of tyres and other non specialized vehicle components, supply and delivery of calendars and diaries

CONCLUSION

The Provincial and National Government is expected to table adjustment budgets in June and July of this year. Therefore Municipalities will be presenting adjustment budgets for the 2020/2021 financial year between July and September 2020. These adjustments will provide us with more clarity for the new financial year and guide the way ahead.

As the Mayor of Tokologo, it is my strategic vision that we can, in spite of the economic constraints, still achieve economic prosperity, dignity and equality, as enshrined in the Constitution of the Republic of South Africa.

It is only then, that all residents of Tokologo can live in true equality and freedom. We must however be realistic in these difficult times, but still provide and care for our communities to the best of our abilities.

Hon. Councillors, it is my wish that we finish all our legacy projects in this Council cycle, and I would be very grateful if we can achieve that feat.

In those words, Ladies and Gentlemen, I thus present to your goodselves Tokologo Local Municipality's 2020/2021 Budget and IDP, with its recommendations to Council for consideration and approval.

Kea leboga.

Thank you.

Cllr. B.E. Seakge

Mayor/Speaker

1.2 RESOLUTIONS

TLM SC /06/2020 (1)

Tabling of the Annual budget: Annual budget 2020/2021

Resolved that the Annual budget for the year 2020/2021 financial year be noted

Background

Section 16 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

16. Annual budgets

- (1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Section 24 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

24. Approval of annual budgets

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary—
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury

OPERATIONAL BUDGET

The Accounting officer and the chief financial Officer submitted operational budget to council amounting to:

Income: **R 145 861 000**

Expenditure: **R 145 832 000**

Surplus **R 29 000**

Resolved that council note the operational budget for 2020/2021 financial year as submitted

CAPITAL BUDGET

A capital budget to the amount of **R 102 646 500** is submitted.

Budget is financed as follows:

Regional Bulk: **R 75 000 000**

MIG **R 15 646 500**

WSIG **R 12 000 000**

R 102 646 500

Resolved that council approve the Capital budget for 2020/2021 financial year as submitted

1.3 EXECUTIVE SUMMARY

Overview

Tokologo local Municipality budgeted process started in August 2019 when the council approved budget timelines as required by legislation.

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality’s integrated development plan; and

(v) approving any changes to the municipality’s budget-related policies.”

BUDGET TABLES

1.4.1 Budget Summary

FS182 Tokologo - Table A1 Budget Summary

| Description | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|------------------|-----------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 4,538 | 4,846 | – | 4,049 | 4,049 | 4,049 | – | 8,302 | 8,800 | 9,328 |
| Service charges | 38,264 | 40,113 | – | 39,490 | 44,274 | 44,274 | – | 53,712 | 56,935 | 60,351 |
| Investment revenue | 683 | 634 | – | 739 | 739 | 739 | – | 220 | 233 | 247 |
| Transfers recognised - operational | 45,304 | 44,242 | – | 58,961 | 60,961 | 60,961 | – | 62,776 | 66,543 | 70,536 |
| Other own revenue | 12,324 | 14,464 | – | 17,758 | 18,882 | 18,882 | – | 20,851 | 22,102 | 23,428 |
| Total Revenue (excluding capital transfers and contributions) | 101,112 | 104,299 | – | 120,996 | 128,905 | 128,905 | – | 145,861 | 154,613 | 163,890 |
| Employee costs | 36,907 | 39,013 | – | 49,797 | 44,721 | 44,721 | – | 50,802 | 53,851 | 57,082 |
| Remuneration of councillors | 2,577 | 3,049 | – | 3,061 | 2,847 | 2,847 | – | 3,032 | 3,214 | 3,407 |
| Depreciation & asset impairment | 35,391 | 35,484 | – | 2,339 | 2,339 | 2,339 | – | 2,339 | 2,479 | 2,628 |
| Finance charges | 3,430 | 4,092 | – | 420 | – | – | – | 600 | 636 | 674 |
| Materials and bulk purchases | 22,277 | 71,798 | – | 31,153 | 45,553 | 45,553 | – | 40,778 | 45,345 | 48,065 |
| Transfers and grants | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 92,482 | 69,749 | – | 34,835 | 53,078 | 53,078 | – | 48,280 | 48,729 | 51,653 |
| Total Expenditure | 193,064 | 223,184 | – | 121,605 | 148,538 | 148,538 | – | 145,832 | 154,254 | 163,509 |
| Surplus/(Deficit) | (91,952) | (118,886) | – | (609) | (19,634) | (19,634) | – | 29 | 359 | 380 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 132,800 | 123,258 | – | 217,225 | 217,225 | 217,225 | – | 102,647 | 108,805 | 115,334 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 40,848 | 4,373 | – | 216,617 | 197,592 | 197,592 | – | 102,676 | 109,164 | 115,714 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 40,848 | 4,373 | – | 216,617 | 197,592 | 197,592 | – | 102,676 | 109,164 | 115,714 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 151,465 | 133,623 | – | 217,225 | 217,225 | 217,225 | – | 102,647 | 108,805 | 115,334 |
| Transfers recognised - capital | 151,465 | 133,623 | – | 217,225 | 217,225 | 217,225 | – | 102,647 | 108,805 | 115,334 |
| Borrowing | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | – | – | – | – | – | – | – | – | – | – |
| Total sources of capital funds | 151,465 | 133,623 | – | 217,225 | 217,225 | 217,225 | – | 102,647 | 108,805 | 115,334 |
| Financial position | | | | | | | | | | |
| Total current assets | 4,530 | 7,411 | – | 172,651 | 48,366 | 48,366 | – | 43,879 | 46,512 | 49,303 |
| Total non current assets | 811,145 | 880,208 | – | 1,191,532 | 822,253 | 822,253 | – | 716,359 | 759,341 | 804,901 |
| Total current liabilities | 85,112 | 168,543 | – | 59,957 | 149,213 | 149,213 | – | 160,503 | 170,133 | 180,341 |
| Total non current liabilities | 11,580 | 22,173 | – | 40,821 | 17,210 | 17,210 | – | 17,210 | 18,242 | 19,337 |
| Community wealth/Equity | 718,983 | 696,903 | – | 1,263,405 | 704,196 | 704,196 | – | 582,526 | 617,477 | 654,526 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 136,034 | 117,633 | – | 190,384 | 199,251 | 199,251 | – | 122,394 | 131,106 | 138,972 |
| Net cash from (used) investing | (148,017) | (104,656) | – | – | – | – | – | (102,647) | (108,805) | (115,334) |
| Net cash from (used) financing | (363) | 53 | – | – | – | – | – | – | – | – |
| Cash/cash equivalents at the year end | (7,861) | 5,168 | – | 190,384 | 199,251 | 199,251 | – | 19,747 | 42,047 | 65,686 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | – | – | – | 4,771 | (18,296) | (18,296) | – | 4,538 | 4,811 | 5,099 |
| Application of cash and investments | 83,455 | 166,664 | – | (17,728) | 139,571 | 139,571 | – | 129,631 | 137,408 | 145,653 |
| Balance - surplus (shortfall) | (83,455) | (166,664) | – | 22,499 | (157,867) | (157,867) | – | (125,092) | (132,598) | (140,553) |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 835,956 | 673,488 | – | 1,191,399 | 822,119 | 822,119 | 822,119 | 613,581 | 650,396 | 689,420 |
| Depreciation | – | – | – | 2,339 | 2,339 | 2,339 | 2,339 | 2,339 | 2,479 | 2,628 |
| Renewal and Upgrading of Existing Assets | – | – | – | 744 | 744 | 744 | 744 | 400 | 424 | 449 |
| Repairs and Maintenance | 3,356 | 2,395 | – | 4,353 | 4,153 | 4,153 | 4,153 | 4,435 | 4,065 | 4,309 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | – | – | – | – | – | – | 903 | 903 | 957 | 1,015 |
| Revenue cost of free services provided | – | – | – | 11,089 | 8,525 | 8,525 | 2,165 | 2,165 | 2,295 | 2,432 |
| Households below minimum service level | | | | | | | | | | |
| Water: | – | – | – | – | – | – | – | – | – | – |
| Sanitation/sewage: | – | – | – | – | – | – | – | – | – | – |
| Energy: | – | – | – | – | – | – | – | – | – | – |
| Refuse: | – | – | – | – | – | – | – | – | – | – |

1.4.2 Financial Performance (Revenue and Expenditure functional Classification)

FS182 Tokologo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

| Functional Classification Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 37,797 | 39,524 | - | 42,773 | 44,929 | 44,929 | 56,768 | 61,047 | 64,709 |
| Executive and council | | 12,675 | 12,085 | - | 14,365 | 15,449 | 15,449 | 28,597 | 30,071 | 31,876 |
| Finance and administration | | 25,122 | 27,439 | - | 26,871 | 27,943 | 27,943 | 26,599 | 29,309 | 31,067 |
| Internal audit | | - | - | - | 1,537 | 1,537 | 1,537 | 1,572 | 1,667 | 1,767 |
| <i>Community and public safety</i> | | 9,027 | 25,440 | - | 3,430 | 2,483 | 2,483 | 2,677 | 2,882 | 3,055 |
| Community and social services | | 6,303 | 6,137 | - | 1,482 | 1,320 | 1,320 | 1,387 | 1,504 | 1,595 |
| Sport and recreation | | 920 | 17,692 | - | 1,005 | 215 | 215 | 206 | 218 | 231 |
| Public safety | | 1,804 | 1,612 | - | 943 | 948 | 948 | 1,084 | 1,159 | 1,229 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | - | 5,627 | - | 25,370 | 25,370 | 25,370 | 27,381 | 28,531 | 30,243 |
| Planning and development | | - | 5,627 | - | 9,677 | 9,677 | 9,677 | 8,744 | 9,412 | 9,976 |
| Road transport | | - | - | - | 15,694 | 15,694 | 15,694 | 18,637 | 19,119 | 20,266 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 187,088 | 162,693 | - | 267,974 | 274,673 | 274,673 | 161,682 | 170,959 | 181,216 |
| Energy sources | | 27,994 | 27,876 | - | 27,193 | 27,414 | 27,414 | 20,974 | 22,233 | 23,567 |
| Water management | | 106,999 | 80,717 | - | 206,747 | 207,897 | 207,897 | 92,942 | 98,519 | 104,430 |
| Waste water management | | 41,442 | 42,610 | - | 20,112 | 23,729 | 23,729 | 28,572 | 30,286 | 32,103 |
| Waste management | | 10,653 | 11,489 | - | 13,922 | 15,633 | 15,633 | 19,194 | 19,921 | 21,117 |
| <i>Other</i> | 4 | - | - | - | - | - | - | - | - | - |
| Total Revenue - Functional | 2 | 233,912 | 233,283 | - | 339,547 | 347,456 | 347,456 | 248,508 | 263,418 | 279,223 |
| Expenditure - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 87,884 | 61,723 | - | 54,287 | 46,747 | 46,747 | 50,262 | 52,662 | 55,822 |
| Executive and council | | 21,023 | 24,068 | - | 15,099 | 12,839 | 12,839 | 14,262 | 14,817 | 15,706 |
| Finance and administration | | 66,861 | 37,655 | - | 36,884 | 32,031 | 32,031 | 34,167 | 35,902 | 38,056 |
| Internal audit | | - | - | - | 2,303 | 1,877 | 1,877 | 1,833 | 1,943 | 2,060 |
| <i>Community and public safety</i> | | 10,836 | 7,902 | - | 4,672 | 2,861 | 2,861 | 2,689 | 2,787 | 2,954 |
| Community and social services | | 9,369 | 6,456 | - | 3,396 | 1,537 | 1,537 | 1,390 | 1,410 | 1,494 |
| Sport and recreation | | 366 | 380 | - | 215 | 213 | 213 | 206 | 218 | 231 |
| Public safety | | 1,101 | 1,066 | - | 1,062 | 1,111 | 1,111 | 1,094 | 1,159 | 1,229 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | - | - | - | 11,737 | 9,907 | 9,907 | 11,925 | 12,004 | 12,724 |
| Planning and development | | - | - | - | 9,239 | 7,646 | 7,646 | 8,804 | 9,332 | 9,892 |
| Road transport | | - | - | - | 2,498 | 2,261 | 2,261 | 3,121 | 2,672 | 2,832 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 94,344 | 153,559 | - | 50,910 | 89,023 | 89,023 | 80,956 | 86,801 | 92,009 |
| Energy sources | | 25,878 | 78,281 | - | 25,002 | 39,507 | 39,507 | 39,034 | 42,436 | 44,982 |
| Water management | | 4,710 | 4,124 | - | 11,505 | 11,075 | 11,075 | 11,982 | 13,761 | 14,587 |
| Waste water management | | 50,514 | 57,965 | - | 9,227 | 12,169 | 12,169 | 17,182 | 17,505 | 18,555 |
| Waste management | | 13,242 | 13,190 | - | 5,176 | 26,273 | 26,273 | 12,759 | 13,100 | 13,886 |
| <i>Other</i> | 4 | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Functional | 3 | 193,064 | 223,184 | - | 121,605 | 148,538 | 148,538 | 145,832 | 154,254 | 163,509 |
| Surplus/(Deficit) for the year | | 40,848 | 10,099 | - | 217,942 | 198,918 | 198,918 | 102,676 | 109,164 | 115,714 |

1.4.3 Financial Performance (Revenue and Expenditure municipal vote)

FS182 Tokologo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description R thousand | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Office of the Mayor | | 12,675 | 6,617 | - | 30,801 | 31,178 | 31,178 | 11,050 | 9,438 | 10,004 |
| Vote 2 - Office of the Municipal Manager | | - | 5,770 | - | 294,823 | 300,662 | 300,662 | 25,603 | 27,270 | 28,906 |
| Vote 3 - Department Financial Services | | 20,301 | 9,364 | - | 2,041 | 4,041 | 4,041 | 16,530 | 20,500 | 21,730 |
| Vote 4 - Department Corporate Services | | 13,574 | 20,990 | - | - | - | - | 7,790 | 8,306 | 8,804 |
| Vote 5 - Department Community Services | | - | - | - | 908 | 118 | 118 | 2,697 | 2,903 | 3,077 |
| Vote 6 - Department Infrastructure Services | | 187,219 | 184,816 | - | 10,974 | 11,456 | 11,456 | 184,839 | 195,002 | 206,702 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 2 | 233,768 | 227,557 | - | 339,547 | 347,456 | 347,456 | 248,508 | 263,418 | 279,223 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - Office of the Mayor | | 21,023 | 6,617 | - | 37,702 | 33,006 | 33,006 | 9,089 | 9,359 | 9,920 |
| Vote 2 - Office of the Municipal Manager | | - | 6,160 | - | 67,026 | 101,722 | 101,722 | 8,848 | 9,287 | 9,844 |
| Vote 3 - Department Financial Services | | 24,839 | 15,237 | - | 4,472 | 5,995 | 5,995 | 25,856 | 27,093 | 28,719 |
| Vote 4 - Department Corporate Services | | 15,011 | 6,682 | - | 4,752 | 1,689 | 1,689 | 7,837 | 8,306 | 8,804 |
| Vote 5 - Department Community Services | | - | - | - | 3,221 | 2,395 | 2,395 | 5,671 | 5,948 | 6,305 |
| Vote 6 - Department Infrastructure Services | | 96,750 | 187,921 | - | 4,418 | 3,716 | 3,716 | 88,531 | 94,261 | 99,917 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | 14 | 14 | 14 | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 157,623 | 222,618 | - | 121,605 | 148,538 | 148,538 | 145,832 | 154,254 | 163,509 |
| Surplus/(Deficit) for the year | 2 | 76,145 | 4,939 | - | 217,942 | 198,918 | 198,918 | 102,676 | 109,164 | 115,714 |

1.4.4 Financial Performance (Revenue and Expenditure)

FS182 Tokologo - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|----------|-----------------|------------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | 1 | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 4,538 | 4,846 | - | 4,049 | 4,049 | 4,049 | - | 8,302 | 8,800 | 9,328 |
| Service charges - electricity revenue | 2 | 14,036 | 13,909 | - | 14,639 | 15,090 | 15,090 | - | 17,213 | 18,245 | 19,340 |
| Service charges - water revenue | 2 | 2,955 | 2,928 | - | 3,336 | 3,270 | 3,270 | - | 3,980 | 4,218 | 4,472 |
| Service charges - sanitation revenue | 2 | 12,796 | 13,964 | - | 12,588 | 15,639 | 15,639 | - | 19,636 | 20,814 | 22,062 |
| Service charges - refuse revenue | 2 | 8,477 | 9,312 | - | 8,927 | 10,276 | 10,276 | - | 12,884 | 13,657 | 14,477 |
| Rental of facilities and equipment | | 824 | 761 | | 373 | 373 | 373 | - | 552 | 585 | 620 |
| Interest earned - external investments | | 683 | 634 | | 739 | 739 | 739 | - | 220 | 233 | 247 |
| Interest earned - outstanding debtors | | 10,139 | 13,170 | | 16,933 | 18,058 | 18,058 | - | 19,842 | 21,033 | 22,295 |
| Dividends received | | 9 | 11 | | 6 | 6 | 6 | - | 12 | 13 | 13 |
| Fines, penalties and forfeits | | 198 | 6 | | 11 | 11 | 11 | - | 10 | 11 | 11 |
| Licences and permits | | - | | | - | - | - | - | - | - | - |
| Agency services | | - | | | - | - | - | - | - | - | - |
| Transfers and subsidies | | 45,304 | 44,242 | | 58,961 | 60,961 | 60,961 | - | 62,776 | 66,543 | 70,536 |
| Other revenue | 2 | 1,154 | 515 | - | 434 | 434 | 434 | - | 435 | 461 | 489 |
| Gains | | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 101,112 | 104,299 | - | 120,996 | 128,905 | 128,905 | - | 145,861 | 154,613 | 163,890 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 36,907 | 39,013 | - | 49,797 | 44,721 | 44,721 | - | 50,802 | 53,851 | 57,082 |
| Remuneration of councillors | | 2,577 | 3,049 | | 3,061 | 2,847 | 2,847 | - | 3,032 | 3,214 | 3,407 |
| Debt impairment | 3 | 28,169 | 36,756 | - | 1,089 | 28,437 | 28,437 | - | 17,379 | 19,462 | 20,630 |
| Depreciation & asset impairment | 2 | 35,391 | 35,484 | - | 2,339 | 2,339 | 2,339 | - | 2,339 | 2,479 | 2,628 |
| Finance charges | | 3,430 | 4,092 | | 420 | - | - | - | 600 | 636 | 674 |
| Bulk purchases | 2 | 18,921 | 69,404 | - | 27,001 | 41,400 | 41,400 | - | 39,000 | 43,460 | 46,068 |
| Other materials | 8 | 3,356 | 2,395 | | 4,153 | 4,153 | 4,153 | - | 1,778 | 1,885 | 1,998 |
| Contracted services | | 12,496 | 14,808 | - | 22,884 | 15,161 | 15,161 | - | 20,165 | 20,289 | 21,507 |
| Transfers and subsidies | | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 4, 5 | 13,970 | 18,038 | - | 10,862 | 9,480 | 9,480 | - | 10,737 | 8,978 | 9,517 |
| Losses | | 37,846 | 146 | - | - | - | - | - | - | - | (0) |
| Total Expenditure | | 193,064 | 223,184 | - | 121,605 | 148,538 | 148,538 | - | 145,832 | 154,254 | 163,509 |
| Surplus/(Deficit) | | (91,952) | (118,886) | - | (609) | (19,634) | (19,634) | - | 29 | 359 | 380 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 132,800 | 123,258 | | 217,225 | 217,225 | 217,225 | - | 102,647 | 108,805 | 115,334 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | 6 | - | | | | | | | | | |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | 40,848 | 4,373 | - | 216,617 | 197,592 | 197,592 | - | 102,676 | 109,164 | 115,714 |
| Taxation | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 40,848 | 4,373 | - | 216,617 | 197,592 | 197,592 | - | 102,676 | 109,164 | 115,714 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 40,848 | 4,373 | - | 216,617 | 197,592 | 197,592 | - | 102,676 | 109,164 | 115,714 |
| Share of surplus/ (deficit) of associate | 7 | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | | 40,848 | 4,373 | - | 216,617 | 197,592 | 197,592 | - | 102,676 | 109,164 | 115,714 |

1.4.5 Capital Expenditure

| Vote Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | 1 | | | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Office of the Mayor | | 5,913 | 4,731 | - | 65,744 | 65,744 | 65,744 | - | - | - | - |
| Vote 2 - Office of the Municipal Manager | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Department Financial Services | | 654 | 28,392 | - | - | - | - | - | - | - | - |
| Vote 4 - Department Corporate Services | | - | 28,392 | - | - | - | - | - | - | - | - |
| Vote 5 - Department Community Services | | - | - | - | - | - | - | - | 400 | 424 | 449 |
| Vote 6 - Department Infrastructure Services | | 144,898 | 72,109 | - | - | - | - | - | 43,427 | 20,593 | 21,829 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | 151,465 | 133,623 | - | 65,744 | 65,744 | 65,744 | - | 43,827 | 21,017 | 22,278 |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Office of the Mayor | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Office of the Municipal Manager | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Department Financial Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Department Corporate Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Department Community Services | | - | - | - | - | - | - | - | 390 | 414 | 439 |
| Vote 6 - Department Infrastructure Services | | - | - | - | 151,481 | 151,481 | 151,481 | - | 58,429 | 87,374 | 92,617 |
| Vote 7 - COMMUNITY & SOCIAL SERVICES | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - [NAME OF VOTE 8] | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - [NAME OF VOTE 9] | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - [NAME OF VOTE 10] | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | - | - | - | 151,481 | 151,481 | 151,481 | - | 58,819 | 87,788 | 93,055 |
| Total Capital Expenditure - Vote | | 151,465 | 133,623 | - | 217,225 | 217,225 | 217,225 | - | 102,647 | 108,805 | 115,334 |
| Capital Expenditure - Functional | | | | | | | | | | | |
| Governance and administration | | 6,567 | 33,122 | - | - | - | - | - | 1,079 | 1,144 | 1,213 |
| Executive and council | | 5,913 | 4,731 | - | - | - | - | - | - | - | - |
| Finance and administration | | 654 | 28,392 | - | - | - | - | - | 1,079 | 1,144 | 1,213 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | - | 28,392 | - | 744 | 744 | 744 | - | 790 | 838 | 888 |
| Community and social services | | - | 28,392 | - | - | - | - | - | 390 | 414 | 439 |
| Sport and recreation | | - | - | - | 744 | 744 | 744 | - | 400 | 424 | 449 |
| Public safety | | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | - | - | - | 11,144 | 11,144 | 11,144 | - | 13,127 | 13,915 | 14,749 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - |
| Road transport | | - | - | - | 11,144 | 11,144 | 11,144 | - | 13,127 | 13,915 | 14,749 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 144,898 | 72,109 | - | 205,337 | 205,337 | 205,337 | - | 87,650 | 92,909 | 98,484 |
| Energy sources | | - | - | - | - | - | - | - | - | - | - |
| Water management | | 144,898 | 72,109 | - | 205,337 | 205,337 | 205,337 | - | 87,650 | 92,909 | 98,484 |
| Waste water management | | - | - | - | - | - | - | - | - | - | - |
| Waste management | | - | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Functional | 3 | 151,465 | 133,623 | - | 217,225 | 217,225 | 217,225 | - | 102,647 | 108,805 | 115,334 |
| Funded by: | | | | | | | | | | | |
| National Government | | 151,465 | 133,623 | - | 217,225 | 217,225 | 217,225 | - | 102,647 | 108,805 | 115,334 |
| Provincial Government | | - | - | - | - | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 151,465 | 133,623 | - | 217,225 | 217,225 | 217,225 | - | 102,647 | 108,805 | 115,334 |
| Borrowing | 6 | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Funding | 7 | 151,465 | 133,623 | - | 217,225 | 217,225 | 217,225 | - | 102,647 | 108,805 | 115,334 |

1.4.6 Financial Position

FS182 Tokologo - Table A6 Budgeted Financial Position

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | - | - | - | 4,829 | (18,237) | (18,237) | - | 1,693 | 1,794 | 1,902 |
| Call investment deposits | 1 | - | - | - | - | - | - | - | 2,714 | 2,877 | 3,049 |
| Consumer debtors | 1 | 4,530 | 7,411 | - | 145,959 | 12,191 | 12,191 | - | 16,072 | 17,036 | 18,058 |
| Other debtors | | - | - | - | - | - | - | - | 23,085 | 24,470 | 25,939 |
| Current portion of long-term receivables | | - | - | - | 21,612 | 54,162 | 54,162 | - | 39 | 41 | 43 |
| Inventory | 2 | - | - | - | 251 | 251 | 251 | - | 277 | 293 | 311 |
| Total current assets | | 4,530 | 7,411 | - | 172,651 | 48,366 | 48,366 | - | 43,879 | 46,512 | 49,303 |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | - | - | - | - | - | - | - | - | - | - |
| Investments | | - | - | - | - | - | - | - | 132 | 139 | 148 |
| Investment property | | - | - | - | 2,822 | 2,767 | 2,767 | - | 2,767 | 2,933 | 3,109 |
| Investment in Associate | | - | - | - | 133 | 133 | 133 | - | - | - | - |
| Property, plant and equipment | 3 | 811,145 | 880,208 | - | 1,187,036 | 815,334 | 815,334 | - | 710,945 | 753,602 | 798,818 |
| Biological | | - | - | - | 1,539 | 4,016 | 4,016 | - | 2,478 | 2,626 | 2,784 |
| Intangible | | - | - | - | 2 | 2 | 2 | - | 1 | 1 | 1 |
| Other non-current assets | | - | - | - | - | - | - | - | 37 | 39 | 42 |
| Total non current assets | | 811,145 | 880,208 | - | 1,191,532 | 822,253 | 822,253 | - | 716,359 | 759,341 | 804,901 |
| TOTAL ASSETS | | 815,675 | 887,619 | - | 1,364,183 | 870,619 | 870,619 | - | 760,238 | 805,853 | 854,204 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | - | - | - | 58 | 58 | 58 | - | - | - | 0 |
| Borrowing | 4 | 40 | 58 | - | - | - | - | - | 93 | 98 | 104 |
| Consumer deposits | | - | - | - | 537 | 537 | 537 | - | 568 | 602 | 638 |
| Trade and other payables | 4 | 85,072 | 168,485 | - | 57,585 | 146,841 | 146,841 | - | 159,410 | 168,974 | 179,113 |
| Provisions | | - | - | - | 1,777 | 1,777 | 1,777 | - | 432 | 458 | 486 |
| Total current liabilities | | 85,112 | 168,543 | - | 59,957 | 149,213 | 149,213 | - | 160,503 | 170,133 | 180,341 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | 111 | 58 | - | 20,483 | 32 | 32 | - | 32 | 34 | 36 |
| Provisions | | 11,469 | 22,115 | - | 20,338 | 17,178 | 17,178 | - | 17,178 | 18,209 | 19,301 |
| Total non current liabilities | | 11,580 | 22,173 | - | 40,821 | 17,210 | 17,210 | - | 17,210 | 18,242 | 19,337 |
| TOTAL LIABILITIES | | 96,692 | 190,716 | - | 100,778 | 166,423 | 166,423 | - | 177,713 | 188,375 | 199,678 |
| NET ASSETS | 5 | 718,983 | 696,903 | - | 1,263,405 | 704,196 | 704,196 | - | 582,526 | 617,477 | 654,526 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 718,983 | 696,903 | - | 1,263,405 | 704,196 | 704,196 | - | 582,526 | 617,477 | 654,526 |
| Reserves | 4 | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 718,983 | 696,903 | - | 1,263,405 | 704,196 | 704,196 | - | 582,526 | 617,477 | 654,526 |

1.4.7 Cash Flow

FS182 Tokologo - Table A7 Budgeted Cash Flows

| Description | Ref | 2016/17 | 2017/18 | 2018/19 | Current Year 2019/20 | | | | 2020/21 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | 4,586 | 1,454 | – | 2,687 | 3,117 | 3,117 | – | 8,302 | 8,800 | 9,328 |
| Service charges | | 15,089 | 13,146 | – | 28,131 | 36,153 | 36,153 | – | 53,712 | 56,935 | 60,351 |
| Other revenue | | – | – | – | 807 | 807 | 807 | – | 997 | 1,057 | 1,120 |
| Transfers and Subsidies - Operational | 1 | 45,304 | 46,174 | – | 58,961 | 58,961 | 58,961 | – | 62,777 | 66,543 | 70,536 |
| Transfers and Subsidies - Capital | 1 | 132,800 | 132,554 | – | 217,225 | 217,225 | 217,225 | – | 102,647 | 108,805 | 115,334 |
| Interest | | 683 | 634 | – | 739 | 739 | 739 | – | 20,062 | 21,266 | 22,542 |
| Dividends | | 9 | 11 | – | 11 | 11 | 11 | – | 12 | 13 | 13 |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (59,007) | (72,248) | | (117,757) | (117,762) | (117,762) | – | (125,514) | (131,677) | (139,577) |
| Finance charges | | (3,430) | (4,092) | | (420) | – | – | – | (600) | (636) | (674) |
| Transfers and Grants | 1 | – | – | – | – | – | – | – | – | – | – |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 136,034 | 117,633 | – | 190,384 | 199,251 | 199,251 | – | 122,394 | 131,106 | 138,972 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | 189 | 577 | – | – | – | – | – | – | – | – |
| Decrease (increase) in non-current receivables | | – | – | – | – | – | – | – | – | – | – |
| Decrease (increase) in non-current investments | | 108 | (136) | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | | |
| Capital assets | | (148,313) | (105,097) | – | – | – | – | – | (102,647) | (108,805) | (115,334) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (148,017) | (104,656) | – | – | – | – | – | (102,647) | (108,805) | (115,334) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | – | – | – | – | – | – | – | – | – | – |
| Borrowing long term/refinancing | | – | – | – | – | – | – | – | – | – | – |
| Increase (decrease) in consumer deposits | | – | – | – | – | – | – | – | – | – | – |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | (363) | 53 | – | – | – | – | – | – | – | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (363) | 53 | – | – | – | – | – | – | – | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | | (12,346) | 13,030 | – | 190,384 | 199,251 | 199,251 | – | 19,747 | 22,300 | 23,638 |
| Cash/cash equivalents at the year begin: | 2 | 4,484 | (7,861) | – | – | – | – | – | – | 19,747 | 42,047 |
| Cash/cash equivalents at the year end: | 2 | (7,861) | 5,168 | – | 190,384 | 199,251 | 199,251 | – | 19,747 | 42,047 | 65,686 |

PART 2

1.1 Overview of the annual Budget

Municipal financial Management Act (MFMA) mention six steps that the municipality must follow in order to prepare the annual budget that is credible, the planning and strategizing process started with the preparation of the budget timelines as required by the Act. The council of the municipality approved the budget timelines during council meeting as stipulated in the MFMA.

All department heads were asked to give their inputs in order to allow the budget office to prepare the budget. The budget office of the municipality under the leadership of the Chief Financial Officer prepared the budget, which will be tabled on the 19th May 2020.

The annual budget of the municipality is aligned to the municipality integrated development plan. Section 22 of the MFMA stipulates that the budget must be sent both to the National and Provincial Treasury both in hard and Electronic copy.

MFMA section 23(1) stipulates that after the annual budget of the municipality has been tabled in council the municipality must consider the views of the local community and relevant provincial treasury.

1.2 Overview of the alignment of annual budget with Integrated development Plan

The budget of the municipality was informed by the IDP as both documents were prepared in tandem, the biggest project in the municipal budget and IDP is the laying of the pipe line from Riverton to Boshof, the entire funding of this project is Regional Bulk.

Another important project included in the IDP Roads for Tswaraganag and Recreational facilities for Malebogo which is funded from MIG

Overview of budget related policies

The budget process is guided by and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide and govern process and inform projection of the medium term. Tokologo Local Municipality has the following budget related policies

- Credit Control Policy
This policy provides direction in areas of credit control, collection of amounts billed to customers, procedures for recovery of arrear accounts, etc. Tokologo Local Municipality annually revises policy and approved the revised policy together with the annual budget approval.
- Investment and Cash Management Policy

Every municipal council is required in terms of Section 13(2) of the Municipal Finance Management Act (MFMA) no 56 of to approve a Cash and Investments Policy for the Council. The primary objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used

- **Budget Policy**

The annual budget is the central financial planning document that entails all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The accounting officer confirms the municipality's priorities in the formulation of the draft and the final budget document. A budget, as per S71 of the MFMA, is subject to monthly control and reporting to Council with recommendations of action to be taken to achieve the budget's goals

- **Tariff Policy**

The purpose of this policy is to ensure that a uniform tariff is applied to the municipal area of jurisdiction. The policy is updated and sent for public comment annually.

- **Indigent Policy**

The criterion for benefits under this scheme is part of the credit control policy. An indigent register is maintained in order administer indigent support. The survey forms to qualify for the indigent support must be completed annually. The Municipality may annually, as part of its budgetary process, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with the national policy, but subject to principles of sustainability and affordability.

- **Property Rates Policy**

This has been implemented with the Municipal Property Rates Act with effect from 1 July 2007. Policy has to be reviewed annually when the budget is submitted.

- **Supply Chain management Policy**

The policy reflects and represents the context of the Municipal Finance Management Act, Act no 56 of 2003

- **Virement Policy**

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

1.3 Overview of Budget Assumptions

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI. The following tariffs were increased:

Sewerage 6%,

Refuse 6%,

Water 6%,

Other Revenue 6% and

Electricity 6.48% - awaiting approval from NERSA

1.4 Overview of Budget Funding

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected and Grants

Tokologo Local Municipality operating budget totals to R145 861 000 and is funded from:

- Grants (Equitable Share and FMG)
- Service Charges (Electricity, Water, Sewer and Refuse)
- Other Revenue (Camp Rentals, Clearance certificate, Building Plans, etc.)

The capital budget of the municipality totals R102 646 500 and is funded from:

- Regional Bulk
- MIG
- EPWP
- WSIG

The municipality's average collection rate is standing at 31% and the municipality anticipate to collect 75% in the year 2020/21

The municipality equitable share is R58 153 000 has increased with R3 593 000 as compared to last year, the other grants that the municipality is receiving are Financial management grant (FMG) R2 800 000, compared to last year the grant increased with R365 000, Extended public works programme (EPWP) R 1 000 000 has decreased as compared to last year, Regional Bulk R75 000 000 and Municipal Infrastructure Grant (MIG) 16 470 000, Water Services Infrastructure Grant R12 000 000.

1.5 Expenditure on allocations and grants Programmes

Total Grants allocated to the municipality is R165 423 000, with operational grants R 62 776 500 and capital R102 646 500,

The equitable share will be spend on the following:

- Salaries 37%
- Bulk Purchases 28%
- Contracted Services 12%

Financial Management Grant will be spend on following:

- 5 Finance Interns Salaries and MFMP Training
- Improvement on the Audit Opinion
- mSCOA
- Compilation of Annual Financial Statements
- Training of Officials

The following projects have been budgeted under the capital Grant

- Dealesville/Tshwaraganang: Construction of 1.5km paved road and stormwater drainage phase 2 (MIS:268745)
- Dealesville/Tshwaraganang Ext 4&5: Installation of Water Network New Sites
- Hertzogville/Malebogo Multipurpose Court - Ward 3 (3 in 1)
- Boshof Seretse water supply
-

1.6 Allocations and grants made by the municipality

The municipality has budgeted R3 904 781 for Indigents and R30 000 for Paupers Funerals and R40 000 for poverty alleviation

1.7 Monthly targets for revenue, expenditure and cash flow

Disclosure of the monthly cash flow is on supporting table SA24, SA25, AS26, SA27, SA28, SA29 and SA30.

1.8 Contracts Having Future Budgetary implications

The municipality do not have any contracts over 3 years.

1.9 Capital Expenditure

Disclosed in table A5

1.10 Municipal manager's quality certification

I **Kelehile Joseph Motlhale**, municipal manager of **Tokologo Local Municipality**, hereby certify that the 2020/2021 annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: _____

Name of Municipality: _____

Signature: _____

Date: _____